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Held at Headquarters, New York, on Tuesday, 29 June 2010, at 10 a.m.

President: Mr. Ali ..... (Malaysia)

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The meeting was called to order at 10.10 a.m.

Opening of the Development Cooperation Forum
(E/2010/15 and Add.1, E/2010/33, 47, 92 and 93; E/2010/NGO/1, 4, 7, 9, 21, 60 and 62; E/2010/CRP.2)

Opening statement by the President of the Economic and Social Council

1. **The President** said that the global economic landscape and the global aid architecture had both changed dramatically since the first Development Cooperation Forum in 2008. At a time when a confluence of crises still threatened to derail the development process, the role of aid and other development financing was particularly significant in ensuring progress towards the Millennium Development Goals (MDGs). There was an urgent need for all development cooperation actors to join forces in pursuit of the MDGs, which required political momentum and a focus on the implementation of pledges.

2. In that new aid landscape, the Forum had unique value as a universal and authoritative platform for dialogue, with four key comparative advantages.

3. Firstly, it had successfully positioned itself as a well-recognized multi-stakeholder forum that brought senior officials from both developed and developing countries together with civil-society organizations and representatives of parliaments and local governments, for frank policy dialogue on key challenges in international development cooperation.

4. Secondly, it had had a broad impact on global policy dialogue on development cooperation and had helped to rectify imbalances in aid relationships by raising such issues as aid allocation, conditionality, multi-year predictability and value for money, which were of great concern to developing countries. In that regard, the importance of the Forum as the focal point within the United Nations system for holistic consideration of development cooperation issues had been emphasized at the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus.

5. Thirdly, the Forum had begun to facilitate the establishment of principles to enhance the impact of development cooperation, a process being pursued in conjunction with other aid-effectiveness processes in order to avoid duplication and exploit potential synergies. The greatest progress had been made in the areas of mutual accountability in development cooperation and the gender impact of such cooperation.

6. Lastly, the Forum was promoting peer-learning and exchange of lessons learned in formulating, supporting and implementing national development strategies, in order to enable actors to prioritize their actions based on well-informed decisions. In that connection, it worked closely with a range of agencies and organizations to ensure a good flow of information between local and global levels.

7. The preparatory phase of the current Forum had clearly highlighted the need to promote development cooperation in the current context of crisis or slow recovery. Aid commitments must be translated into action, and the reduction of gross national income in donor countries must not be allowed to affect overall official development assistance (ODA). The Forum should therefore be used as a global mechanism to promote mutual accountability and to ensure behavioural change towards the use of country systems, budget support and aid predictability. Delivery on aid commitments would not, however, have the expected impact unless mutually supportive national policies on trade, debt, investment, technology, climate change, food security, migration and systemic issues were also in place. Lastly, the impact of all relevant development cooperation actors, including Southern aid providers, foundations and civil-society organizations, should be maximized.

8. The second Forum represented a unique opportunity to enhance the effectiveness and coherence of development cooperation in the regions that most needed assistance, as well as in countries with pockets of poverty or in fragile and post-conflict situations. It also represented an opportunity to develop key recommendations for achieving the MDGs on the basis of better development cooperation. A summary of the discussions held during the Forum would serve as important input for the negotiations at the High-level Plenary Meeting on the Millennium Development Goals to be held in September 2010, as well as for the Fourth High-level Forum on Aid Effectiveness, to be held in Seoul in 2011.

Introduction of the report of the Secretary-General (E/2010/93)

9. **Mr. Sha** Zukang (Under-Secretary-General for Economic and Social Affairs), introducing the report of

the Secretary-General on trends and progress in international development cooperation (E/2010/93), noted its finding that, despite the atmosphere of anxiety and austerity in the global economy, development aid had risen in 2009 and most donors were expected to meet 2010 aid targets. Some countries not members of the Development Assistance Committee (DAC) — many of them developing countries — were also playing a critical role in delivering support to some of the poorest countries. Increasing support was also coming from foundations, private charities and civil-society organizations. However, some donors were well short of global commitments and many were likely to renege on pledges to sub-Saharan Africa.

10. Aid delivery must be supported by coherent aid policies and strong and accountable national institutions. As emphasized by the Secretary-General, aid and non-aid policies must be harmonized. Some good work had been done on coherence procedures but overall progress among OECD-DAC members had been weak and more political engagement was needed. Policies must also support progress towards the MDGs.

11. In order for donors to make larger commitments, they needed clear and reliable information about aid operations and impact on the ground. Recipient countries needed guidance and technical assistance from donors if they were to improve their accountability procedures. In the area of international accountability, the Council should heed the Secretary-General's recommendations concerning annual progress assessment, creation of a focal point to share best-practice lessons and full funding of the most useful mechanisms. Monitoring and evaluation were crucial, as was solid information about aid delivery and its impact.

12. It was hoped that the Development Cooperation Forum would provide concrete practical ideas on how to recover lost ground, in view of the upcoming comprehensive review of the MDGs.

Keynote addresses on the theme "Development cooperation"

13. **Mr. Piebalgs** (European Commissioner for Development) explained that, under the Lisbon Treaty, poverty reduction and eradication were the primary objective of the European Union's development cooperation policy. The European External Action Service was a cornerstone of the new institutional architecture ensuring coherence between diplomacy and development policy. The Service would deliver more coordinated European diplomacy with a strong development component.

14. In view of the need for policy and political commitments to turn global visions into reality, the European Union would play an important role in ensuring that the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals would indeed promote attainment of the Goals in 2015. European Union development assistance had almost doubled since the adoption of the Goals, reaching over 49 billion euros in 2009, and the Union provided almost 60 per cent of global ODA. Since resources were limited, every euro spent on ODA had to produce the maximum effect. The European Union and the African, Caribbean and Pacific countries had recently signed a revised Cotonou Agreement on cooperation and endorsed a common approach and political commitment to work jointly on MDGs and climate-change issues. In that connection, particular attention should be paid to fragile States and least developed countries.

15. ODA should be a catalyst to boost growth and employment, while ensuring the good governance that was an essential prerequisite for developing countries. However, an increase in a developing country's GDP would be far more effective than just an increase in ODA. In addition, there was a need to consider innovative sources of financing.

16. It was important to improve the efficiency, effectiveness and policy coherence of development policy, which needed to be less fragmented. Donors should be held accountable for their aid commitments and partner countries should be held accountable for development results and aid management.

17. The European Union supported triangular, North-South and South-South cooperation. Methods such as public/private partnerships should be used to stimulate growth by mobilizing the ideas and resources of Governments, businesses and civil society. Grants and loans should be blended to promote large-scale projects of regional importance.

18. **Mr. Yi** Xiaozhun (China) (Vice-Minister of Commerce) said that, as a large developing country with 1.3 billion inhabitants and a per capita GDP ranking 106th in the world, China was facing serious

development challenges. Its experience showed that international cooperation, effective use of resources and international best practices would help the developing countries to accelerate their development. Support from the international community, including the United Nations and particularly UNICEF, the United Nations Development Programme and the International Trade Centre, had facilitated China's integration into the world.

19. China was both a strong supporter of and an active participant in South-South cooperation. It agreed with the Secretary-General's emphasis on policies "beyond aid" and emphasized the need for enhanced policy coherence, host-country ownership and capacity-building rather than cash assistance. Assistance to developing countries should not be attached to political conditions. Despite the global financial crisis, China had implemented a number of programmes to enhance the productivity of other developing countries and improve the livelihood of the local population. One example was the Tanzania-Zambia railway. Eight new initiatives had been announced for the next three years to promote the development of African countries, including preferential loans, clean-energy programmes, loans for small and medium-sized enterprises, enhancement of cultural and scientific exchanges and cooperation in the medical and health-care sectors.

20. China had increased imports from the least developed countries and was progressively granting duty-free treatment to their products. It was also providing various incentives to encourage Chinese companies to invest in developing countries and establishing economic and trade cooperation zones in African countries. It was building capacity through training and human-resources development.

21. China called on the international community to take effective measures to support developing countries, giving priority to those which were hardest hit and had the least capacity to recover on their own. Developed countries should assume primary responsibilities in development financing and establish a clear timetable for meeting their ODA commitments, including those made under the Monterrey Consensus. Market access for the least developed countries should be further improved and the economic difficulties of those countries should be addressed through an "early harvest" in Doha Round negotiations. The developed countries should grant duty-free and quota-free treatment to least developed countries and substantially reduce the huge subsidies on cotton and other agricultural products. Enhanced capacity-building and technology transfer would help recipient countries to acquire managerial expertise and professional skills and effectively enhance their capacity for independent national development.

22. **Mr. Väyrynen** (Finland) (Minister for Foreign Trade and Development) said that the positive development results in many parts of the world were endangered by the global economic crisis. Combined with the food and climate crises, it made sustainable development more important than ever.

23. Sustainable development had three interrelated dimensions: economic, ecological and social. As the main contributor to poverty reduction, economic growth must be inclusive and accompanied by effective national poverty-reduction programmes. However, the new economic model must be based on low carbon-dioxide emissions and ecological sustainability, achieved by joint action at the national, regional and global levels. The Copenhagen Summit had been only a beginning and the Climate Change Conference to be held in Mexico in November must make further progress towards an ambitious and binding agreement. Social sustainability, based on good governance, human rights, democracy and rule of law, was an essential prerequisite for economic development and one in which the national ownership and engagement of the developing countries themselves were essential.

24. In view of the importance of improved coordination and coherence among donors and partners, it was encouraging that the European Union and the United States of America had agreed, at the initiative of Finland, to strengthen their cooperation in reducing poverty and promoting sustainable development.

25. The European Union was currently discussing the creation of a comprehensive framework for all its external actions, in which the global strategy and the internal sustainable development policies of its members would be mutually supportive. Other development-policy actors were considering their own strategies, such as the United States foreign-policy strategy based on a three-D approach in which defence, diplomacy and development were equal elements.

26. A logical consequence of globalization would be a humanity policy, based on the common values and interests of mankind. The nation States and the existing

regional organizations would analyse their needs, set their goals and outline their internal and external strategies, which would then be combined in coordinated and common policies. At the 1992 Rio Conference on Environment and Development, a proposal supported by Finland for the establishment of a United Nations Council for Sustainable Development had not been adopted. Instead the Commission on Sustainable Development had been established, which had done valuable work but had not played a leading role in global development policy. Since the Rio Conference, the link between development and environment had weakened and, with the United Nations Conference on Sustainable Development to be held in 2012, the time had perhaps come to transform the Group of 20 into a United Nations Council for Sustainable Development. The composition and mandate of such a Council would have to be carefully considered and negotiated between the G-20 countries and all the United Nations Member States.

The meeting was suspended at 11.10 a.m. and resumed at 11.20 a.m.

27. *A policy dialogue followed on the topic of "Promoting greater coherence: how can all policies be geared towards development goals?" The panel was chaired by Mr. Ali (Malaysia), President of the Council, and moderated by Mr. Martin Dahinden, Director-General, Swiss Agency for Development and Cooperation. The moderator made a statement and introduced the panellists: Mr. Nguyen The Phuong (Viet Nam), Vice-Minister of Planning and Investment; Ms. Sayinzoga (Rwanda), Permanent Secretary and Secretary to the Treasury, Ministry of Finance and Economic Planning; Mr. Deutscher, Chair, Development Assistance Committee, Organization for Economic Cooperation and Development, and Mr. Ocampo, Professor, Columbia University.*

28. *The panellists made presentations. An interactive discussion ensued, in which the delegations of Yemen (on behalf of the Group of 77 and China), the Russian Federation, Israel, Brazil, Belgium, Argentina, Guatemala, Spain, Nepal (on behalf of the Least Developed Countries), France, Nicaragua, China, Indonesia, Morocco and Bangladesh participated. Statements were made by the Observer for the European Union and by the Women's Working Group on Financing for Development and the Inter-Parliamentary Union.*

29. *The panellists responded to questions and comments raised.*

30. *The moderator made concluding remarks and closed the policy dialogue.*

The meeting rose at 1.15 p.m.